

Message Text

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TAGS: MARR NATO

SUBJECT: RESTRICTED PERM REP MEETING ON INFRASTRUCTURE SUBJECTS
FOR DPC MINISTERIAL MEETING

REFS: A. USNATO 6486

B. DPC/D(74)27

C. DPC/D(UR) 28

SUMMARY. ON NOVEMBER 25, RESTRICTED PERM REP MEETING OF US, UK,
CANADIAN, BELGIAN AND ITALIAN REPS AGREED THAT HIGHEST CEILING
ACCEPTABLE TO ALL ALLIES UNDER PRESENT CONDITIONS WAS IAU 400 MILLION,

BUT THAT MINISTERS SHOULD BE PREPARED TO MAKE CASE FOR HIGHER CEILING
IF THEY SO DESIRED. PERMREPS ALSO AGREED THAT OPTION 4 FROM REF B
WAS MOST LIKELY TO SUCCEED FOR COST SHARING ARRANGEMENT, SUBJECT TO
US ACCEPTANCE. IN MATTERS OF PRODUCTION SHARING FOR NICS PROJECTS,
NATIONAL POSITIONS WERE SO FAR APART THAT SYG CONCLUDED NEED FOR
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RESTRICTED MEETING OF MINISTERS IN WHICH HE WOULD WARN THAT
FAILURE TO AGREE COULD LEAD TO THE ABANDONMENT OF THE NICS PROGRAM.
END SUMMARY.

1. SYG LUNS NOTED THAT DE STAERCKE (BELGIUM) HAD BEEN CORRECT AT THE DPC MEETING OF 21 NOVEMBER TO CALL HIS ATTENTION TO THE FACT THAT MINISTERS WOULD NOT BE ABLE TO RESOLVE THE INFRASTRUCTURE QUESTIONS IN DECEMBER UNLESS NATIONAL POSITIONS COULD BE MADE MORE CLEAR AND DIFFERENCES BE REDUCED, WHICH WAS THE REASON FOR THE MEETING OF THE RESTRICTED GROUP ON 25 NOVEMBER. ASYG TUCKER THEN OUTLINED THE FIVE OPEN ISSUES:

A. INFRASTRUCTURE CEILING FOR 1975-1979 WHICH APPARENTLY COULD NOT ACHIEVE CONSENSUS AT A LEVEL HIGHER THAN IAU 400 MILLION.

B. INFRASTRUCTURE COST SHARING FOR WHICH FOUR PROPOSALS WERE TENDERED IN REF B.

C. PRODUCTION SHARING FOR THE TARE PROJECT.

D. WHETHER OR NOT SAME SHARE SHOULD BE APPLIED TO THE IVSN SWITCH.

E. ITALIAN INSISTENCE THAT THE ESCALATION CLAUSE FOR NICS PROJECTS INCLUDE SUB-CONTRACTORS DOWN TO A LOW FLOOR VALUE.

2. LUNS SUGGESTED THAT THE MINISTERS BE REQUESTED TO APPROVE AN INFRASTRUCTURE CEILING OF IAU 400 MILLION. DE STAERCKE FELT THAT SUCH A MOVE WOULD BE TOO EARLY AN ADMISSION OF FAILURE TO ACHIEVE A HIGHER CEILING AND SUGGESTED THAT THE UK BE REQUESTED TO AGREE TO A HIGHER CEILING WITH THE US ACCEPTING A PERCENTAGE SOMEWHAT ABOVE THE 20 PCT THEY HAD INSISTED UPON. CATALANO (ITALY) STATED THAT UNDER CURRENT ECONOMIC CONDITIONS, ITALY COULD NO LONGER AGREE TO A CEILING ABOVE IAU 400 MILLION UNLESS THE ALLIES WERE WILLING TO MAKE SPECIAL PROVISIONS TO LIMIT THE ITALIAN SHARE. MCAULIFFE (US) SAID THAT THROUGH ONE MEANS OR ANOTHER THE US SHARE MUST BE RETAINED AT NO MORE THAN 20 PCT IRRESPECTIVE OF THE CEILING, AND THAT CONGRESSIONAL ACTION HAD ELIMINATED ANY FLEXIBILITY ON THIS POINT.

3. LUNS CONCLUDED THAT IT WOULD BE UNREALISTIC TO REQUEST CONFIDENTIAL

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AT THIS TIME A CEILING HIGHER THAN IAU 400 MILLION AND ASKED HOW A CONSENSUS ON COST SHARING COULD BE ACHIEVED. MCAULIFFE STATED THAT ANY OF THE SOLUTIONS WHICH RESULTED IN AN EFFECTIVE US SHARE OF 20 PCT COULD BE ACCEPTED, INCLUDING OPTIONS 1 AND 2 FROM REF B, AND PERHAPS OPTION 4. PECK (UK) INDICATED THAT ONLY OPTION 4 WAS ACCEPTABLE AND OTHER REPS AGREED THAT OPTION 4 WAS ACCEPTABLE. LUNS SUGGESTED THAT HIS BRIEF SHOULD SUGGEST ADOPTION OF OPTION 4, LEAVING TO THE MINISTERS ONLY A DECISION ON THE SIZE OF THE PROGRAM SHOULD THEY WISH TO PUSH THE UK TO A HIGHER CEILING THAN THE CURRENTLY AVAILABLE IAU 400 MILLION.

4. TUCKER THEN OUTLINED THE US POSITION ON NICS PRODUCTION SHARING WHICH LIMITED MANDATORY PRODUCTION SHARING FOR THE

TARE TO 20 PCT, WHILE A GROUP LED BY CANADA COULD NOT AGREE TO LESS THAN 35 PCT. HE THOUGHT THAT IF THE US AND CANADA COULD COMPROMISE THEIR DIFFERENCES, OTHER ALLIES WOULD AGREE TO THE COMPROMISE. DE STAERCKE DID NOT AGREE THAT ALL OTHER NATIONS WOULD NECESSARILY AGREE TO A COMPROMISE LOWER THAN 35 PCT. ROY (CANADA) INDICATED THAT CANADA COULD ACCEPT A COMPROMISE OF 30 PCT IF THE US COULD ACCEPT, BUT DID NOT WANT TO GET INTO A BARGAINING SESSION. CATALANO EXPLAINED THAT ITALY COULD AGREE TO APPLY A 30 PCT COMPROMISE TO BOTH TARE AND IVSN, BUT IF THE AGREEMENT ON TARE WAS LESS THAN 30 PCT, ITALY WOULD INSIST THAT IVSN BE SEPARATELY NEGOTIATED TO A MINIMUM OF 30 PCT. MCAULIFFE STATED THE US POSITION OF 25 PCT ON THE TARE IF ALL OTHERS COULD AGREE TO THAT FIGURE SINCE THE US ALSO DID NOW WSH TO ENTER A BARGAINING SESSION. HE INDICATED THAT THE US POSITON HAD GROWN FIRM AFTER OUR PREVIOUS COMPROMISE FROM ZERO TO 20 PCT HAD NOT INSPIRED SIMILAR ALLIED CONCESSIONS AND BECAUSE NICS APPEARED TO BE FAILING BECAUSE NATIONS WERE NOT WILLING TO COME TO GRIPS WITH REALISTIC SOLUTIONS TO ALL OF ITS VARIOUS PROBLEMS WITH INFLATION, DESIGN, PRODUCTION, ETC.

5. LUNS CONCLUDED THAT PERM REPS DID NOT HAVE SUFFICIENT FLEXIBILITY TO ALLOW RESOLUTION OF THE PRODUCTION SHARING ISSUE. DE STAERCKE SUGGESTED THAT LUNS ADOPT LORD ISMAY'S PROCEDURE OF CALLING A RESTRICTED MEETING OF THE DEFENSE MINISTERS FOR RESOLUTION OF HARDCORE PROBLEMS. MINISTERS WOULD BE REQUESTED TO ACCEPT A PROPOSAL BY THE SYG, FAILING WHICH HE, LUNS, COULD NOT BE HELD RESPONSIBLE FOR THE FAILURE OF THE NICS. LUNS AGREED TO SUCH A MEETING. PANSA (DEPUTY SYG, TAKING OVER FROM LUNS)
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SUGGESTED THAT ITEM BE BROUGHT UP AT DPC MEETING ON 26 NOVEMBER. IN REPLY TO MCAULIFFE'S SUGGESTION THAT MINSTERS BE INFORMED IMMEDIATELY OF THE NEED FOR THE RESTRICTED MEETING AND OF THE SYG'S PROPOSAL, PANSA AGREED TO DRAFT A TELEGRAM AS QUICKLY AS POSSIBLE TO ALL ALLIED DEFENSE MINISTERS.

6. CATALANO STATED THAT QUESTION OF AN ESCALATION CLAUSE FOR NICS CONTRACTS WAS THOUGHT IMPORTANT BY HIS AUTHORITIES. TUCKER SAID THAT NICSMA NOW BELIEVED THAT THEY COULD HANDLE THE ADMINISTRATION AND CONTROL OF A FLOOR FOR ESCALATION ON SUB-CONTRACTS AT SOME IAU 50,000. THIS APPEARED TO BE SATISFACTORY TO CATALANO AND P&P COMMITTEE WILL WORK OUT DETAILS AT MEETING OF 28 NOVEMBER. MCAULIFFE

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